

Remarks by Cong. Henry A. Waxman  
“The Enduring Commitment to the Social Welfare”  
On the Acceptance of the George D. Nickel Award  
Presented by the California Social Welfare Achieves  
October 10, 2006

*Introduction:*

It is an honor to be here today and receive the George D. Nickel Award for Outstanding Volunteer Service. And it is a particular pleasure to be here with a group of people and with an organization that has maintained a steadfast commitment to the principles of social welfare and social justice.

I particularly want to acknowledge Ralph Fertig. He is someone I knew for many years in Washington, famous among our mutual friends for his fire and dedication to the cause of social justice. It is nice to see he is sharing his knowledge and wisdom with those of you at the School of Social Work at USC.

To be here with you all is familiar territory. From the time I first became involved in politics, I entered with an esteem for public service, a commitment to the human values of justice, human rights and civil rights, and a sense of responsibility to do what I could to help all people be able to live a life of security and realize their full potential.

Those are values that continue to govern my actions today. And I know that those are the values that have brought you into careers of social work, education and public service.

*The Situation Today:*

But those are not the values that govern in Washington today. Under this Administration and this Congress, the need to protect private wealth is given priority over the need to provide for the least among us. The need to reduce taxes on the wealthy takes priority over having adequate public resources to fund the programs and services that should be the business of a humane and caring society.

Those in power today are more interested in advancing business interests than in protecting the environment. They care more about deregulation than assuring we've got an effective regulatory structure, whether we are talking about the FDA—which should be assuring the safety of our food supply and our prescription drugs, or the EPA—which should be protecting the health of our citizens from pollutants and environmental hazards. And they are more concerned with reducing government spending than adequately funding the NIH or advancing science.

And perhaps most basic of all, those in power are more interested in reducing the public role in assuring income security and adequate health care than in being sure that people have the help they need. The cause of the moment is to tell Americans to go out and get what they can afford to get; you exercise your right to individual choice to protect your own future. Their vision means that the combined power of the people is not harnessed to meet these basic needs.

In fact, those priorities are, in my view, wrong. If you are rich, and have a lot of private resources, you might find it's OK to have your own investments provide your retirement income. You might find it's lucrative when you are healthy and wealthy to put your money in health savings accounts instead of comprehensive health insurance, get the tax breaks while you can, secure that you've got enough to protect yourself if you get sick. You might think it's OK to send your kids to private schools and let the public education system deteriorate.

But this is not the way to enhance the social welfare. This is not the way to provide the basic values articulated by Franklin Roosevelt so long ago. He said we needed a second bill of rights, one that recognized that "true individual freedom cannot exist without economic security and independence."

The values he enumerated, the right to a job and a decent wage, the right to adequate medical care and the opportunity to achieve and enjoy good health, the right to a good education and protection from the economic fears of old age—those should be enduring values for this society. They should not be something that becomes the right only of the able and wealthy and advantaged.

Of course, you can listen long and hard, but you won't find any politicians willing to admit that those are their political values only for a few. But we only need to examine what's going on in some critical areas to see what really motivates the current majority in Washington.

Have we raised the minimum wage? No. We haven't raised it since 1997. The Republican majority won't even let that come to a vote. So it is stuck at \$5.15 an hour. That's the lowest level in real terms that it's been since 1968. But the average CEO makes 821 times as much today as the minimum wage worker!

Do we as a compassionate nation take care of kids in foster care? Not when we limit eligibility with an income standard for the birth family that hasn't increased since 1996. So far, we've been able to stop block-granting the program. But we are starving it; that out-of-date income standard means that Federal funds support less than 50% of the kids in foster care

Then there's education. Since 2001, the cost of attending a four-year public college has increased by \$3095—that's by about one-third—yet the share of these costs paid by Pell Grants has dropped from 42 percent to 30 percent.

At the moment, there seems to be broad bipartisan support for increasing the maximum Pell Grant. But in this Congress, we take one step up and two steps back. This year the House voted to increase funding by \$350 million more than the President requested. But that was still a \$36 million cut from last year.

#### *Health Care:*

And the picture in health care, an issue that has always been a primary concern of mine, is bleak. Today, nearly 47 million Americans are without health insurance. Last year, for the first time since 1998, when the State Children's Health Insurance Program went into effect, the percent of children who are uninsured increased, growing to over 11%.

Further, the share of Americans with job-based health coverage fell over the last five years, erasing the gains that occurred during the Clinton years. It continues to decline, even as individual workers are asked to pay higher premiums and a larger share of the bill.

Let's think about what's going on here. Traditionally in this country, where you worked was where you got your health insurance. The group insurance market was the way to provide coverage to individuals while protecting them from the shortcomings of the individual insurance market. Because in the individual insurance market, if you could get coverage at all—and you couldn't if you had a health problem--your premiums skyrocketed if you got sick, and you often found you were denied coverage just when you needed it. But the employer-based group coverage could protect against that.

For those who weren't well served by the employer-based health insurance model—the aged, the disabled, and the low-income—we developed the twin protections of Medicare and Medicaid, public programs designed to fill in the gaps of the private system.

It wasn't perfect. People have always been left out. But instead of working to extend coverage so that it was universal, we are now in full retreat. Further, most disturbingly, we are retreating in directions that undermine the best parts of what we have now.

Let's look first at Medicare. Its great strength is that it is built on a social insurance model. We all pay to support it because we all will be covered by it. We all will have coverage because our benefits will be clear and guaranteed.

But that is not the vision this Administration has for Medicare. They want first and foremost to privatize it, and to turn it into a program that is called, in health-care jargon, premium support. That means simply this: give people a voucher and let them go get coverage for themselves.

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The theory is their coverage will be better and cheaper. Somehow these individuals out there will be able to use their wits and their bargaining power to get a better deal than the combined purchasing power of all Medicare beneficiaries acting together.

Despite all the evidence about how poorly the market operates in so many circumstances, but particularly in health care, this is the philosophy that motivates this change. First, it limits the Government's obligation. If the real goal is to cut public spending, that's pretty attractive.

Second, it sets insurers free to make a lot of profit. And the better they skim the sick out of the risk pool, the more money they'll make. Who can look at what has gone on in health care and not see that that is exactly what insurers and HMOs are good at—eliminating the costly risks.

Even this Administration doesn't come right out and say that's what they are doing. But when they design a prescription drug plan that relies totally on private insurers, when they actually ban the Government using the bargaining power of Medicare beneficiaries, then that is exactly what they are doing.

When the program is set up to deliberately overpay private insurance plans that are established to produce hefty profits for the insurers, and then it undermines the strengths of the traditional Medicare program, that is simply part of a long-term plan to make people dissatisfied with the public program, privatize it, and move to a premium support model.

Even the recent change to charge dramatically higher premiums for higher-income beneficiaries is part of their plan. Sure it might be sensible to have people with more pay more. That's the theory behind the progressive income tax. That's the right way to finance programs.

But when you start to break down the universality of Medicare, and set up a scheme where the premium on the higher income gets so high they decide to move to private coverage instead, then you have started down the very road that breaks the social insurance contract. And it will not be just the wealthy that will face the high premium amounts. It will reach into the middle class very fast.

Soon, the result of all of these policies, is to leave the sicker and older in the traditional Medicare plan, and drive up its costs.

That takes us to Medicaid. For all its problems—and there are many—it has been literally a life-saver of a program for millions of Americans. It now covers 55 million people—larger even than Medicare. It guarantees coverage for all poor children. It covers nearly 40% of the births in this country. It provides critical coverage for persons with disabilities, covering services that simply aren't available through many private health insurance plans. It pays for more than 40% of all long-term care services in this country. It was the first program to provide coverage for persons with AIDS. It has truly been the safety net, taking on the hard and expensive cases that private health insurance leaves behind.

Yet it has continually been plagued with inadequate funding. That's what happens with an income-tested program. It is always a struggle to get adequate support.

As the needs and costs of care of its population have grown, States increasingly are unwilling or unable to meet their share of the budget. But the response at the Federal level has not been to pick up a larger share of the cost, but to attempt to cap the Federal responsibility.

We now have an Administration that thinks that health savings accounts for poor people are the answer. Take away the guarantee of Medicaid coverage and let them negotiate the insurance market themselves, in the most confusing market out there. This is so wrong-headed in concept it leaves me breathless.

Finally, in the face of the cost-pressures on the employer-based system, the answer of this Administration is to encourage high deductible plans and HSAs, shifting the cost burden to the individual.

Now you won't find anyone in Washington who won't publicly lament that we have so many people uninsured. But that is where the agreement ends. As the Republican majority diagnoses the problem, it is that people have too much coverage. No wonder it costs so much, they say!

So their answer is to put people into the individual market, loosen insurance regulation, and let them buy any policy licensed anywhere. Find a state that doesn't require coverage of services for diabetics or mental health services or pregnancy services, for example? If you haven't got it or won't need it, then go buy their cheaper policy without those benefits. And if that breaks down the risk pool—and it will—and ends up costing sick people or women of child-bearing age more—and it will—well, that's the market at work.

*What happened to concern about the social welfare:*

There is an over-all theme here, and I think you recognize it. Whether it is breaking down the risk pool, which is what insurance is supposed to be about, or breaking down the social insurance base—which has been the strength of Medicare and Social Security—the theme is the same.



The social welfare doesn't come into it. The healthier and wealthier can take care of themselves. Heaven help everyone else.

You know, when I learned I was receiving the George D. Nickel award, and looked into some of the things he stood for, I found he was instrumental in passage of mental health legislation in the 1950s.

I couldn't help but think how disappointed he would be to know we are still fighting for mental health parity today.

Recently, as Ranking Member of the House Government Reform Committee, I released a report that found an unconscionable number of children with mental illness end up in detention facilities because we don't have anywhere to treat them. When the estimates are that some 2000 young people are in detention because community mental health services are not available for them, it is hard not to despair at our mixed-up priorities.

Why is it we are always shocked and dismayed when we have terrible incidents like the tragedy in Lancaster County last week? Don't we understand that society as a whole is suffering because we won't invest the resources to help people and treat people with mental illness before these tragedies occur? Nothing is more heart-breaking than reading the stories of families dealing with a son or a daughter or a parent who is obviously mentally-ill and yet they cannot get services for them. Why are we so continually surprised when the final results are so tragic.

*Conclusion:*

Somewhere along the way, too many have forgotten that the social welfare is critical to all of us. Every child we don't educate, every person who can't reach their potential because they are sick or in poor health, every troubled person who goes without the care and interventions they need—we are all poorer because of those failures.

You understand that. Your commitment to service and the social welfare demonstrate that. And I have to believe—we all have to believe--that the principles of social welfare and social justice are so engrained in the American ideal that they will come back stronger than ever and again drive our public policy.

We must work to make that happen. We cannot accept any less.

Thank you again for this wonderful award and, even more importantly, thank you for your work, your commitment, and all of your extraordinary contributions to making life better for everyone. I'm proud to be honored by this group.